

Prepared for
Emmanuel College



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OPE ID 00214700
PRCN 2013-301-28334

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division-New York / Boston

Program Review Report

September 10, 2014

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A. Institutional Information

Emmanuel College
400 The Fenway
Boston, Massachusetts 002147

Type: Private, Non-Profit

Highest Level of Offering: Master's Degree

Accrediting Agency: New England Association of Schools and Colleges

Current Student Enrollment: 2,519 (2011/2012)

% of Students Receiving Title IV: 98% (2011/2012)

Title IV Participation (PeNet):

	<u>2012/2013</u>
Federal Pell Grant Program (Pell)	\$2,159,802
Federal Work Study (FWS)	\$ 496,452
Federal Perkins Loan (Perkins)	\$ 298,950
Federal Supplemental Education Opportunity Grant Program (FSEOG)	\$ 248,051
Teach Education Assistance for College and Higher Education Grant Program (TEACH)	\$ 223,000
William D. Ford Federal Direct Loan Program (Direct Loan)	<u>\$18,077,150</u>

Total: \$21,503,405

Default Rate FFEL/DL:	2011	3.6%
	2010	3.5%
	2009	2.2%

Default Rate Perkins:	6/30/12	18.5%
	6/30/11	8.0%
	6/30/10	15.0%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Emmanuel College (Emmanuel) from July 8, 2013 to July 10, 2013. The review was conducted by Edward Buckley and Elaine Griffin.

The focus of the review was to determine Emmanuel's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of Emmanuel's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records and student account ledgers.

A sample of 15 files was identified for review from the 2012 - 2013 award year. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for the award year. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Emmanuel's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Emmanuel of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by Emmanuel to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. Ineligible Perkins Loan Disbursement

Citation: 34 C.F.R. § 674.9 stipulates that a student at an institution of higher education is eligible to receive a loan under the Federal Perkins Loan Program for an award year if the student—

- (a) Meets the relevant eligibility requirements contained in 34 CFR part 668:

(b) Is enrolled or accepted for enrollment as an undergraduate, graduate, or professional student at the institution, whether or not engaged in a program of study abroad approved for credit by the home institution:

(c) Has financial need as determined in accordance with Part F of Title IV of the HEA.

34 C.F.R. § 668.32 (a)(1)(i) stipulates that a student is eligible to receive Title IV, HEA program assistance if the student is a regular student enrolled, or accepted for enrollment, in an eligible program at an eligible institution.

34 C.F.R. § 668.164 (a)(1) stipulates that an institution makes a disbursement of Title IV, HEA program funds on the date that the institution credits a student's account at the institution or pays a student or parent directly with—

(i) Funds received from the Secretary;

(ii) Funds received from a lender under the FFEL Programs; or

(iii) Institutional funds used in advance of receiving Title IV, HEA program funds.

Noncompliance: Student 5 withdrew from the institution on 4/4/13. A \$3,000 Federal Perkins Loan was disbursed to the student on 4/9/13, five days after the student withdrew.

Required Action: In its response dated August 28, 2013, the institution provided documentation showing that it had returned the ineligible Perkins Loan funds. In response to this report, the institution must provide a copy of the procedures it has established to prevent this error from occurring in the future.

Finding 2. Improper Work Study Positions

Citation: 34 C.F.R. § 675.19(b)(2) stipulates that in administering its FWS program, an institution must follow the record retention and examination provisions in this part and in 34 CFR 668.24. The institution must establish and maintain program and fiscal records that—

(i) Include a certification by the student's supervisor, an official of the institution or off-campus agency, that each student has worked and earned the amount being paid. The certification must include or be supported by, for students paid on an hourly basis, a time record showing the hours each student worked in clock time sequence, or the total hours worked per day;

(ii) Include a payroll voucher containing sufficient information to support all payroll disbursements;

(iii) Include a noncash contribution record to document any payment of the institution's share of the student's earnings in the form of services and equipment (see § 675.27(a)); and

(iv) Are reconciled at least monthly.

34 C.F.R. § 675.19(b)(3) stipulates that each year an institution shall submit a Fiscal Operations Report plus other information the Secretary requires. The institution shall insure that the information reported is accurate and shall submit it on the form and at the time specified by the Secretary.

Noncompliance: Student 12 and 14 were awarded Federal Work Study (FWS) jobs that were paid a stipend for performing a task. The institution explained that for these students it was estimated how many hours the student would work per week and then the payment for the entire semester would be determined and paid biweekly throughout the semester. Although there was an accounting system to track the amount the student was paid every two weeks, there was not a timesheet signed by a supervisor that detailed the actual hours that the students worked each day in a pay period.

Required Action: In institutional correspondence, dated August 28, 2013, evidence was provided to show that the stipends paid to Students 12 and 14 were returned to the institution's FWS account and the students were instead paid from campus employment funds. In its response to this report the institution must provide a copy of the procedures it has established to prevent this error from occurring in the future.

Finding 3. Incomplete Preferred Lender List

Citation: 34 CFR § 668.14 (a)(28) stipulate that for any year in which the institution has a preferred lender arrangement (as defined in 34 CFR 601.2(b)), it will at least annually compile, maintain, and make available for students attending the institution, and the families of such students, a list in print or other medium, of the specific lenders for loans made, insured, or guaranteed under title IV of the HEA or private education loans that the institution recommends, promotes, or endorses in accordance with such preferred lender arrangement. In making such a list, the institution must comply with the requirements in 34 CFR 682.212(h) and 34 CFR 601.10.

34 C.F.R. § 601.10(a) stipulates that a covered institution, or an institution-affiliated organization of such covered institution, that participates in a preferred lender arrangement must disclose—

(1) On such covered institution's or institution-affiliated organization's Web site and in all informational materials described in paragraph (b) of this section that describe or discuss education loans—

(i) The maximum amount of Federal grant and loan aid under title IV of the HEA available to students, in an easy to understand format;

(ii) The information identified on a model disclosure form developed by the Secretary pursuant to section 153(a)(2)(B) of the HEA, for each type of education loan that is offered pursuant to a preferred lender arrangement of the institution or institution-affiliated organization to students of the institution or the families of such students; and

(2) On such covered institution's or institution-affiliated organization's Web site and in all informational materials described in paragraph (b) of this section that describe or discuss private education loans—

(i) In the case of a covered institution, the information that the Board of Governors of the Federal Reserve System requires to be disclosed under section 128(e)(11) of the Truth in Lending Act (15 U.S.C. 1638(e)(11)), for each type of private education loan offered pursuant to a preferred lender arrangement of the institution to students of the institution or the families of such students; and

(ii) In the case of an institution-affiliated organization of a covered institution, the information the Board of Governors of the Federal Reserve System requires to be disclosed under section 128(e)(1) of the Truth in Lending Act (15 U.S.C. 1638(e)(1)), for each type of private education loan offered pursuant to a preferred lender arrangement of the organization to students of such institution or the families of such students.

(b) The informational materials described in paragraphs (a)(1) and (a)(2) of this section are publications, mailings, or electronic messages or materials that—

(1) Are distributed to prospective or current students of a covered institution and families of such students; and

(2) Describe or discuss the financial aid opportunities available to students at an institution of higher education.

(c)(1) Each covered institution and each institution-affiliated organization that participates in a preferred lender arrangement must provide the information described in paragraph (a)(1)(ii) of this section, and the information described in paragraphs (a)(2)(i) and (a)(2)(ii) of this section, respectively, for each type of education loan offered pursuant to the preferred lender arrangement.

(2) The information identified in paragraph (c)(1) of this section must be provided to students attending the covered institution, or the families of such students, as applicable, annually and must be provided in a manner that allows for the students or their families to take such information into account before selecting a lender or applying for an education loan.

(d) If a covered institution compiles, maintains, and makes available a preferred lender list as required under § 668.14(b)(28), the institution must—

(1) Clearly and fully disclose on such preferred lender list—

(i) Not less than the information required to be disclosed under section 153(a)(2)(A) of the HEA;

(ii) Why the institution participates in a preferred lender arrangement with each lender on the preferred lender list, particularly with respect to terms and conditions or provisions favorable to the borrower; and

(iii) That the students attending the institution, or the families of such students, do not have to borrow from a lender on the preferred lender list;

(2) Ensure, through the use of the list of lender affiliates provided by the Secretary under section 487(h)(2) of the HEA, that—

(i) The preferred lender list under paragraph (d) of this section—

(A) Specifically indicates, for each listed lender, whether the lender is or is not an affiliate of each other lender on the preferred lender list; and

(B) If a lender is an affiliate of another lender on the preferred lender list, describes the details of such affiliation;

(3) Prominently disclose the method and criteria used by the institution in selecting lenders with which to participate in preferred lender arrangements to ensure that such lenders are selected on the basis of the best interests of the borrowers, including—

(i) Payment of origination or other fees on behalf of the borrower;

(ii) Highly competitive interest rates, or other terms and conditions or provisions of Title IV, HEA program loans or private education loans;

(iii) High-quality servicing for such loans; or

(iv) Additional benefits beyond the standard terms and conditions or provisions for such loans;

(4) Exercise a duty of care and a duty of loyalty to compile the preferred lender list under paragraph (d) of this section without prejudice and for the sole benefit of the students attending the institution, or the families of such students; and

(5) Not deny or otherwise impede the borrower's choice of a lender or cause unnecessary delay in loan certification under title IV of the HEA for those borrowers who choose a lender that is not included on the preferred lender list.

The 2012/13 Federal Student Aid Handbook, Volume 2, Chapter 6, Page 2-118 states that a school or affiliated organization that provides information regarding a private education loan from a lender to a prospective borrower must provide the following disclosures, even if it does not participate in a preferred lender arrangement.

The private education loan disclosures must

- provide the prospective borrower with the information required by 15 U.S.C. 1638(e)(1) [12 CFR 226.47(a) in the Federal Reserve System regulations], and
- inform the prospective borrower that she may qualify for FSA loans or other assistance from the FSA programs, and that the terms and conditions of an FSA loan may be more favorable than the provisions of private education loans.

The school or affiliate must ensure that information regarding private education loans is presented in such a manner as to be distinct from information regarding FSA loans.

The school must, upon the request of the applicant, discuss with her the availability of federal, state, and institutional student financial aid.

Noncompliance: The institution's web site contained a link to a brochure that is titled Financial Guide to Undergraduate Students. This guide contains a section titled Private Student Loans which lists the web sites and phone numbers for: MEFA Student Alternative Loan, Citizens TruFit Loan, Sallie Mae Smart Option Loan and Wells Fargo Collegiate Loan. This list would be considered a Preferred Lender List. This list does not contain the required disclosures outlined in the regulatory guidance above.

Required Action: In the institution's response, dated August 28, 2013, it was stated that Emmanuel was launching a new web site in September 2013 that would no longer include any reference to specific private loan lenders and that the publications for 2014-2015 would no longer include any reference to a specific private loan lender. A recent review of the institution's web site revealed that the publication indicated above, listing the preferred lenders is still present. In response to this report the institution must provide proof that either the web site has been updated to remove the preferred lender information or it has otherwise taken action to be in compliance with the regulations.

Finding 4. Missing Exit Interview

Citation: 34 C.F.R. §685.304(b) stipulates that (1) A school must ensure that exit counseling is conducted with each Direct Subsidized Loan or Direct Unsubsidized Loan borrower and graduate or professional student Direct PLUS Loan borrower shortly before the student borrower ceases at least half-time study at the school.

(2) The exit counseling must be in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must ensure that an individual with expertise in the Title IV programs is reasonably available shortly after the counseling to answer the student borrower's questions. As an alternative, in the case of a student borrower enrolled in a correspondence program or a study-abroad program approved for credit at the home institution, the student borrower may be provided with written counseling materials within 30 days after the student borrower completes the program.

(3) If a student borrower withdraws from school without the school's prior knowledge or fails to complete the exit counseling as required, exit counseling must be provided either through interactive electronic means or by mailing written counseling materials to the student borrower at the student borrower's last known address within 30 days after the school learns that the student borrower has withdrawn from school or failed to complete the exit counseling as required.

Noncompliance: Student 5 withdrew from the institution on April 4, 2013. During the onsite portion of the review, it was noted that the file did not contain evidence that the exit interview had been conducted with the student.

Required Action: The institution mailed all of the necessary exit interview documents to the borrower while the reviewers were on site at the institution. In its response to this report the institution must provide a copy of the procedures it has established to prevent this error from occurring in the future.



March 2, 2015

Janet Eisner, SND
President
Emmanuel College
400 The Fenway
Boston, Massachusetts 02115-5798

UPS Tracking #:
1Z A87 964 02 9572 9475

RE: **Final Program Review Determination**
OPE ID: 002147
PRCN: 2013-301-28334

Dear Sister Eisner:

The U.S. Department of Education's (Department's) School Participation Division – New York/Boston issued a program review report on September 10, 2014 covering Emmanuel College's (Emmanuel) administration of programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2012-2013 award year. The institution's final response was received on October 14, 2014.

The School Participation Division – New York/Boston has reviewed Emmanuel's response to the Program Review Report. A copy of the program review report (and related attachments) and Emmanuel's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Emmanuel upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Emmanuel's response has resolved all findings. In addition, Emmanuel has provided assurances that the appropriate corrective actions have been taken to resolve and prevent future occurrences of all findings. Therefore, Emmanuel may consider the program review closed with no further action required.

Program records relating to the period covered by this program review must be retained until the later of: the resolution of the loan(s), claim(s) or expenditure(s) questioned in the program review [34 C.F.R. § 668.24(e)(3)(i)] or the end of the retention period applicable to the record [34 C.F.R. § 668.24(e)(1) and (e)(2)].

Federal Student

ASSISTANT SECRETARY FOR FEDERAL STUDENT AID

School Participation Division – New York/Boston
5 Post Office Square, 9th Floor, Suite 950A, Boston, MA 02109
StudentAid.gov

If you have any questions please call Mr. Edward Buckley at 617-289-0132.

Sincerely,

(b)(6)

Betty Coughlin
Division Director

Enclosure: Program Review Report (with attachments)
Emmanuel's Response to the Program Review Report

cc: Jennifer Porter, Director of Financial Aid
New England Association of Schools and Colleges
Massachusetts Board of Higher Education
Department of Defense
Department of Veterans Affairs
Consumer Financial Protection Bureau